

Message Text

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C O N F I D E N T I A L USUN 1079

E.O. 11652: GDS
TAGS: PFOR, AC
SUBJ: MEETING WITH ANTIGUA PARLIAMENTARY SECRETARY HUGH
MARSHALL: ANTIGUA BASE NEGOTIATIONS

1. BEGIN SUMMARY: ANTIGUAN PARLIAMENATRY SECRETARY HUGH MARSHALL TOLD MISOFFS THAT PREMIER PRICE IS PLANNING TO TRAVEL TO WASHINGTON ON APRIL 17 OR 18 FOR BASE NEGOTIATIONS WITH THE US. MISOFF INFORMED MARSHALL OF HIS UNDERSTANDING THAT NO DATE HAD YET BEEN SET FOR THE NEGOTIATIONS. MARSHALL DISCUSSED HOW MUCH THE GOA MIGHT ASK FOR WITH THE FIGURES RANGING UP TO US \$20 MILLION A YEAR FOR SEVEN YEARS. MARSHALL EMPHASIZED THE NEED TO OBTAIN SUFFICIENT FUNDS IN ORDER TO COMBAT RADICAL PRESSURES IN THE CARIBBEAN. END SUMMARY.

2. ON APRIL 8, MISOFFS MET WITH ANTIGUA PARLIAMENTARY SECRETARY HUGH C. MARSHALL AND AN AMERICAN CITIZEN FRIEND OF ANTIGUAN ORIGIN AT THEIR REQUEST. MARSHALL SAID THAT PURSUANT TO DISCUSSIONS WITH AMBASSADOR BRITTON, PRIMER BIRD IS PLANNING TO TRAVEL TO WASHINGTON ON APRIL 17 OR 18 FOR BASE AGREEMENT NEGOTIATIONS. MISOFF STATED HIS UNDERSTANDING THAT NO DATE HAD YET BEEN SET FOR THE NEGOTIATIONS. MISOFFS STRESSED THEIR LACK OF ANY OTHER INFORMATION CONCERNING THE PROPOSED NEGOTIATIONS.

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3. POLITICAL ORIENTATION: MARSHALL REPEATEDLY EMPHASIZED THE NEED FOR ANTIGUA TO OBTAIN NECESSARY FUNDING TO BUILD AN ECONOMIC INFRASTRUCTURE TO CREATE JOBS TO BE ABLE TO RESIST RADICAL PRESSURES IN THE CARIBBEAN. HE EMPHASIZED THE GREAT FRIENDSHIP THE GOA HAS FOR THE UNITED STATES, THE CORDIAL

RELATIONS WITH US BASE PERSONNEL, EXPRESSED GRATITUDE FOR THE IMPORTANT ASSISTANCE THAT THE UNITED STATES IS NOW PROVIDING, PARTICULARLY THE PEACE CORPS, AND EXPRESSED THE GOA'S DESIRE TO REMAIN WITHIN THE "AMERICAN SPHERE OF INFLUENCE."

4. MARSHALL REPEATEDLY EMPHASIZED THE DANGER THAT RADICAL ELEMENTS IN ANTIGUA AND THE REST OF THE EASTERN CARIBBEAN PRESENT TO ANTIGUA'S "FREE ENTERPRISE ORIENTATION," AND THAT FUNDING FOR THESE RADICAL GROUPS COMES FROM THE SOVIET UNION THROUGH CUBA. HE CITED CUBA AS A DANGEROUS EXAMPLE OF THE "TOTALITARIAN" SYSTEM WHICH IS ATTRACTIVE TO THE CARIBBEAN POOR AND UNEMPLOYED. MARSHALL SAID IT IS ONLY A QUESTION OF TIME UNTIL ANTIGUA WILL WANT INDEPENDENCE, AND THAT A SOUND ECONOMIC BASIS FOR AN INDEPENDENT ANTIGUA MUST NOW BE LAID.

5. COMPENSATION FOR BASE RIGHTS: MARSHALL SAID THE PRINCIPAL QUESTION IN THE NEGOTIATIONS IS "HOW MUCH MONEY TO ASK FOR." HE SAID THE GOA DOES NOT WANT TO LOOK AT THE NEGOTIATIONS AS BARTERING WITH THE UNITED STATES. WITHOUT ANY EXPLICIT LINKAGE, HE THEN ESTIMATED THAT IF ANTIGUAN DUTIES WERE APPLIED TO IMPORTS BY US BASE PERSONNEL, APPROXIMATELY \$3 1/2 MILLION OF REVENUE WOULD BE GENERATED PER YEAR (ALL FIGURES ARE \$.US). MARSHALL SAID THAT TWO OTHER NUMBERS HAD BEEN THROWN OUT AS POSSIBLE COMPENSATION FOR THE BASES --\$10 OR \$20 MILLION RELATED HE

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THOUGHT TO AMOUNTS OF COMPENSATION FOR US BASE RIGHTS IN SPAIN. TURKEY AND IRAN. AS HE LEFT, MARSHALL SAID THAT IF THE GOA WERE ABLE TO OBTAIN FROM \$12 TO \$15 MILLION, ABOVE DEBT SERVICING REQUIREMENTS, OVER SEVEN YEARS, HE BELIEVED THAT THE NECESSARY INFRASTRUCTURE TO ATTRACT JOB-CREATING INDUSTRY COULD BE DEVELOPED.

6. THE ECONOMY: MARSHALL SAID THAT UNEMPLOYMENT IS NOW 47 PERCENT, BUT THAT THERE HAS BEEN SUBSTANTIAL INCREASE IN THE TOURIST SECTOR FROM THE LOW IN 1974. ALL HOTELS ARE NOW OPEN AND OPERATING AT ABOUT 94 PERCENT CAPACITY. TOURISM ACCOUNTS FOR 40 PERCENT OF THE GDP. 90 PERCENT OF GOVERNMENT REVENUES COME FROM CUSTOMS DUTIES PAYMENTS, OF A TOTAL BUDGET OF APPROXIMATELY US\$ 12.5 MILLION. MARSHALL DESCRIBED EFFORTS TO ATTRACT CANADIAN AND US CAPITAL BY BUILDING FACTORY "SHELLS" AND PROVIDING TAX INCENTIVES. HE SAID THERE IS AN URGENT NEED FOR CAPITAL

TO DEVELOP JOB-PRODUCING SECTORS OF THE ECONOMY.
HE DESCRIBED HIS DREAM OF ANTIGUA BECOMING THE
"HONG KONG OF THE CARIBBEAN" AND ATTRACTING LABOR
FROM THE OVER-POPULATED ISLANDS IN THE REGION.

7. DEBT SERVICING: MARSHALL SAID THAT A PORTION OF
WHATEVER FUNDS ANTIGUA OBTAINS FROM THE BASE NEGOTIA-
TIONS WILL BE USED TO AMELIORATE THE GOA'S DEBT
SERVICING DIFFICULTIES, IN PARTICULAR THE EXIM DEBT.
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Disposition Approved on Date:
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Disposition Date: 22 May 2009
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